

**MAYOR AND COUNCIL STRATEGIC FOCUS AREA SUBCOMMITTEE**  
**RIO NUEVO/DOWNTOWN, ARTS, CULTURE AND HISTORY**  
**ADMINISTRATIVE ACTION REPORT AND SUMMARY**  
Thursday, April 17, 2008

Meeting was called to order at 5:00 p.m. by Vice Mayor Trasoff in the Mayor & Council Chambers of City Hall, 255 W. Alameda, 1<sup>st</sup> Floor, in Tucson, Arizona.

**COUNCIL MEMBERS PRESENT:** Vice Mayor Nina Trasoff, Chair  
Council Member Regina Romero, Ward 1  
Council Member Steve Leal, Ward 5 (left at 6:29 p.m.)

**STAFF LIAISON:** Greg Shelko, Director of Downtown Development

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<b>1. Roll Call</b> Meeting was called to order by Vice Mayor Trasoff at 5:00 p.m.	
<b>2. Call to the Audience</b> Michael Toney spoke about the legality of using revenue bonds, the need to start working on the primary component of Rio Nuevo, and the illegality of the TIF extension.	
<b>3. Infrastructure Plan Implementation</b> Assistant City Manager Karen Masbruch presented. The plan includes selecting a design/build team, locating/upgrading and relocating utilities and designing and constructing streetscape improvements generally along the streetcar alignment and immediate environs. Completion is scheduled for 2009. Work has also started on the streetcar, which includes designing, constructing, testing and implementing full fare operation by 2011. A major component of the downtown infrastructure plan supports projects along the proposed streetcar alignment. Utility upgrades include “dry utilities” (electric, communications and gas lines) and “wet utilities” (potable water and sewer/drainage lines).  Jim Mazzocco from the Urban Planning & Design Department presented a draft Congress District Design Manual that resulted from the from the pilot study on the triangle bounded by Broadway, 6 <sup>th</sup> Avenue and Toole. The manual will serve as a reference point for evolution of urban design standards. It includes street design (paving, lighting, furnishings and plantings), place making (gateways, corridors, critical street corners, infill structures, and civic parks/plazas), and sustainability (encouraging multi-modal transportation; public open spaces and creating an urban village community).  Council Member Leal asked what was included in communications under “dry utilities”? Jim responded that it includes Qwest, cable, telephone and fiber optics. Council Member Leal received a proposal from the ethnic arts community	

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<p>that expands the streetscape design to the east-west streets going from the Temple of Music &amp; Art to Congress Street that he will provide it to staff. He also encouraged using alleyways to provide extra useable outdoor space.</p> <p>Council Member Romero expressed her desire for native plants in the landscaping designs and asked for projects to be started on both the east and west sides downtown meeting in the middle as opposed to concentrating on just the eastside.</p>	
<p><b>4. Affordable and Workforce Housing in Downtown</b></p> <p>In January staff was asked to provide more context on the issues of affordable and workforce housing in order for the subcommittee to make policy decisions in the future. Community Services Director Emily Nottingham presented staff's findings. Downtown neighborhoods included in the study were located in the area bounded by Speedway, 22<sup>nd</sup> Street, Euclid, and Silverbell. Downtown Tucson is unique in that it includes older housing units in historic districts, with low site density, a broad range of housing values (\$100,000-\$1 million), a dissected landscape (due to the interstate, railroad tracts and streets), and scarce and scattered neighborhood retail and the revitalization effort.</p> <p><b>Downtown People</b> – Four percent of the city's residents and housing units are located downtown. Of those residents, 34% own and 66% rent; 18% are elderly (65+) and 20% are children. The median household income for a downtown resident is \$25,747. The average household size is 2.26. Downtown contains 4,058 people per square mile, compared to 2,500 for the rest of the city.</p> <p>Demographics for downtown renters showed:</p> <ul style="list-style-type: none"> <li>- 79% are under the age of 55;</li> <li>- the median income is \$20,612;</li> <li>- 46% of them pay more than 30% of their income toward rent;</li> <li>- 51% of them lived in their housing unit less than one year*;</li> <li>- 31.6% lived in their unit 2-5 years*; and</li> <li>- 56% of the renters have a household size of 1.</li> </ul> <p>*Some of this could be attributed to students.</p> <p>Demographics for downtown homeowners showed:</p> <ul style="list-style-type: none"> <li>- 48% have a household size of 2 people or less</li> <li>- 85% of the housing is single, detached structures</li> <li>- 25% of the people have lived in the home for over 30 years</li> <li>- 33% of the people have lived in their home for 11-30 years</li> <li>- 25% of the people pay over 29% of their income on housing</li> </ul>	<p><u>DIRECTOR OF COMMUNITY SERVICES is responsible</u></p>

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**Downtown Housing** - The median home price for **all** homes sold in 2007 was slightly lower (\$235,000) downtown than the rest of the city. However, the median home price for **new** homes sold was considerably higher downtown (\$594,000) than the rest of the city (\$226,350). Apartment vacancy downtown was 5.2% compared to 7.93%. Only 4% (137) of the 2007 residential permits for home repair and renovations were for downtown compared to 3,121 city-wide. Property taxes increased at a slightly higher amount downtown (85%) compared to 73% in the city. Lastly, 53.1% of the housing is older than 50 years compared to 24.4% around the city.

**Downtown Affordability** – Rent averages, homes sales and home price ranges were compared. The percent of housing affordable to low income households has decreased tremendously going from 50% in 2003 to 9% in 2007 and 0% so far this year. The average price has gone from \$146,708 in 2003 to \$263,000 in 2007 and \$239,343 so far this year. The cost per square foot has gone from 108 in 2003 to 184 in 2007 and \$178 so far this year.

**Purchasing Power** - Based on the current price per square foot in downtown of \$178 and assuming 100% financing at 6.5% paying no more than 30% of monthly income for the principal and interest, many people could still not afford to buy a house. For example:

- wait staff earning \$15,392 could spend \$385 for 350 sq. ft. house and still have a \$48,837 gap;
- grounds keeper earning \$25,147 could afford \$629 for 500+ sq. ft. house still have a \$39,092 gap;
- bank teller earning \$22,321 could afford \$558 for a 500- sq. ft. house and still have a \$41,918 gap; and
- teacher/accountant earning \$45,000 could afford \$11,125 for a 900 sq. ft. house and still have \$19,239 gap.

Other living expenses to be considered include groceries, utilities, transportation (up to 35% of household costs) health care, miscellaneous goods and services.

**Observations/Conclusions**

- Downtown is home to 4% of Tucson's population; contains 4% of the City's housing units, and represented 4% of all residential permits taken out for renovation and new construction in Tucson in 2007
- Downtown is:
  - mostly renter (2 out of 3 residents)
  - lower-income

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<ul style="list-style-type: none"> <li>- fewer families with children (smaller households)</li> <li>- lower cost rental property</li> <li>- higher cost ownership property</li> </ul> <ul style="list-style-type: none"> <li>• It costs more to build in downtown</li> <li>• There is an historic context for downtown neighborhoods</li> <li>• Housing stock does not match employee base</li> <li>• Downtown area lacking goods and services for other household needs, in proximity</li> </ul> <p>In order for housing to be affordable, housing production and maintenance costs must be reduced, subsidies need to be provided to the household, other living expenses need to be reduced and people need access to higher paying jobs.</p> <p><b>Goals/Strategies:</b></p> <ol style="list-style-type: none"> <li>1. Support Existing residents with rehabilitation, property tax assistance, aging in place (financing and accessibility) and mitigating foreclosures.</li> <li>2. Provide Affordability in Re-sale by providing downtown payment assistance, acquisition and Acquisition/Rehab, and Mechanisms for permanent affordable housing.</li> <li>3. Increase Housing Production. More is better. Continue to foster a mix of affordable and senior housing.</li> <li>4. Keep other costs affordable by property improvements or amenities, increasing goods and services in proximity and making neighborhoods child and family friendly.</li> </ol> <p>Staff was asked to further develop this information and return to the Mayor and Council with a visioning discussion.</p>	
<p><b>5. Mariachi Conference Update</b></p> <p>Guest speakers were not available to attend the meeting. Item will be rescheduled.</p>	
<p><b>6. Santa Cruz River Bridge</b></p> <p>Jim Glock, Director of Transportation showed the design for the new bridge being constructed as part of the new Cushing Street over the Santa Cruz River. The bridge will serve as a critical link between the east and west sides of downtown, will create a sense of place and includes shade elements. The subcommittee was generally satisfied with design. However, Council Member Leal was disappointed that the bridge wasn't designed wider to accommodate vendors during the Gem Show especially since the vendors will be losing quite a bit of space due to the development going on around downtown. Mr. Glock added that there would be opportunities for vendors at the widened Cushing Street I-10 underpass. Council Member</p>	

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Regina Romero noted that the bridge would be bike, pedestrian, car and street-car friendly and asked if water harvesting was going to be used in the project? Mr. Glock responded that there are some regulatory issues that may prohibit water harvesting, but they are exploring other ways to save water. The item will be scheduled for Study Session presentation on May 6 <sup>th</sup> .	
<b>7. Project Updates</b> This item was not discussed due to time constraints.	
<b>8. Financial Reports</b> This item was not presented due to time constraints. However, Council Member Romero asked if the financial reports that they had were public records, and whether they were being posted on the website? Mr. Shelko responded yes they are public records, and will be posted on the website when rebuilt. Nothing is being posted at the moment.	
<b>9. Future Agenda Items</b> This item was not discussed.	
<b>10. Adjournment</b> Council Member Trasoff adjourned the meeting at 6:24 p.m.	